

RUSSIA

Capital: Moscow

GDP per capita (PPP): \$7,700 (2000 est.)

Population: 145,470,197 (July 2001 est.)

Foreign Direct Investment: \$2,000,000,000

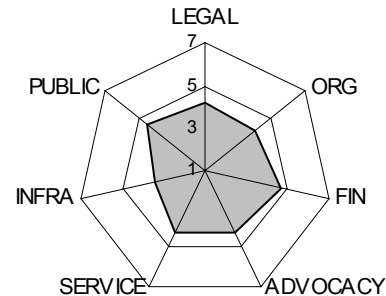
Inflation: 20.6% (2000 est.)

Unemployment: 10.5% (2000 est.)
plus considerable underemployment

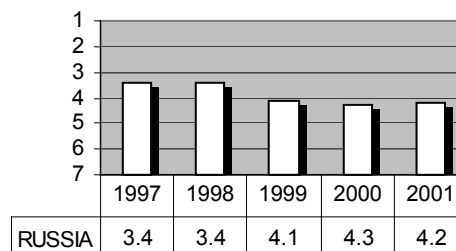
OVERALL DESCRIPTION: 4.3

By early 2001, there were approximately 450,000 NGOs registered in Russia. It is estimated that about 60% of these are independent civic associations; the remaining 40% are other types of non-commercial organizations, including political parties, labor unions, representatives of international organizations, and post-Soviet NGOs. More NGOs are registered in Russian central districts than in the regions. There are approximately 150,000 NGOs in the Central District and 70,000 in the Ural region. The Volga, West Siberia and Northern Caucasus have about 50,000 NGOs each. Experts believe that only between 15 and 20 percent of these are functioning NGOs. There are about one hundred issue-oriented NGOs that are leaders in their field and whose activities are known across Russia.

NGOs are highly regarded at the municipal level, but less so at the regional level. Federal authorities show a keen interest in the third sector, as evidenced by their establishment of a Charitable Organizations Union, a Civil Chamber, and a Civil Forum for NGOs. Recent government attempts to co-opt and coordinate NGOs are viewed, alternately, as a threat to NGO independence and as long overdue government recognition. Federal authorities and NGOs have yet to identify an effective way to channel public opinion on national policy matters. For example, despite significant public opinion on the matter, a referendum was not allowed on the banning of imported nuclear waste and neither the Duma nor the President heeded public opinion before signing three nuclear bills into law. Larger, urban NGOs have been forced to endure tighter controls, obstacles to registration and economic hardships imposed by Part Two of the Tax Code.



Annual Scores



RUSSIA

LEGAL ENVIRONMENT: 4.2

The legal environment for NGOs in the Russian Federation developed unevenly over the last year. Despite progress in the regions, federal legislation governing NGO activities showed a disappointing lack of improvement. Strong advocacy by local NGOs led to the passage of laws favoring NGO development and participation in community life in many provinces at the regional and municipal levels.

There was a lack of legislative progress at the federal level, however. A recently-passed federal Law On Political Parties passed this last year allows for separate

legal registration between NGOs and political parties, setting a precedent for federal involvement in thematic NGO activities. Part Two of the Tax Code, passed in 2000, created additional bureaucratic barriers for NGO accounting without creating conditions favorable for local philanthropy and corporate donations. In addition, the Duma failed to pass several laws critical to the sustainability and effectiveness of Russia's third sector, including the laws On Separating Core and Business Activities and On Foundations. Finally, registration of NGOs has become a more complicated process.

ORGANIZATIONAL CAPACITY: 4.4

Organizationally, there is increasing disparity within the NGO sector. Only 10 percent of working NGOs can be considered structurally and programmatically advanced. The remainder continues to struggle for institutional sustainability and impact. Many organizations do not have clearly formulated missions and their technical equipment is of poor quality. The lack of professional skills among NGO staff members is acute. Many NGOs lack appropriate management systems and governing structures such as boards of directors or trustees. While NGO management training is available, the existing training system is unable to cope with demand. Furthermore, there is a lack of stan-

dardized systems for information exchange and the sharing of best practices in service provision. As a result, many NGOs are ignorant of cutting-edge technology in the provision of some social services.

The NGO sector varies in its ability to defend clients' interests. Many NGOs lack the skills needed to incorporate client feedback and expand services to cover new clients. NGOs established a decade ago to meet community needs have not adjusted to new realities or adopted new approaches. Furthermore, this focus on a narrow client base has hampered the development of coalitions.

FINANCIAL VIABILITY: 4.7

The economy has finally begun its recovery from the financial crisis of 1998. As a result, new opportunities for local fundraising, including local corporate philanthropy and intersectoral social partnerships, have developed and are

being used more widely. However, opportunities in this regard have been hampered somewhat by legislation which does not create favorable conditions for philanthropy.

Cooperation has increased among NGOs and regional and municipal governments. More local administrations now offer NGOs a direct mechanism for participating in the provision of social services to local populations, either in the form of competitive procurements or grants programs. For example, in November 2000 the Volga Federal Administrative district conducted a \$1 million grant competition for NGOs and municipal structures to promote innovative and effective social welfare programming. This type of development increases both the financial sustainability and service delivery capacity of regional NGOs. However, while municipal funding is increasing, the sector still needs to learn how to take full advantage of these new opportunities.

There have also been advancements in corporate and individual philanthropy. As a result of increased prosperity and lobbying by local NGOs, local businesses have begun to engage in local philanthropy. Programs like the Ros-

bank Student Stipend Program and the Togliatti and Tyumen community foundations show that businesses have become more receptive to making contributions to NGOs. However, as long as a significant percentage of the population continues to live under the poverty line, the potential for private philanthropy remains limited.

The well-publicized entry of Russian oligarchs to charitable giving has provoked two different responses. On the one hand, many Russians regard contributions made by oligarchs such as Bere-zovsky and Potanin with suspicion and as the tainted byproduct of illegally acquired funds. On the other hand, NGOs recognize that the emergence of philanthropy will have a positive impact on the long-term sustainability of the sector.

Most NGOs have limited financial management skills, which negatively affects their ability to raise funds from new sources.

ADVOCACY: 4.9

The third sector stepped up its advocacy efforts in 2000-2001. For example, the Campaign for Fair Taxation continued throughout the last year and successfully resulted in the adoption of some minor amendments to the Tax Law.

NGOs have been increasingly effective at garnering public support for advocacy initiatives. For example, environmental organizations collected 2.5 million signatures to support a national referendum against the import of nuclear waste. Unfortunately, a referendum was not allowed and both the Duma and the President ignored public opinion when they passed three unpopular laws on nuclear issues. Broad public support was also given to NGOs lobbying for

refugee and migrant rights.

While there are some national successes, NGO advocacy efforts have been more successful at the regional and municipal levels. Coalitions and interest groups have succeeded in lobbying local governments to consider citizen opinion in the formulation of local social policy. In particular, there has been increased activity of "territorial self-governance organizations" and other similar community-based organizations, particularly in areas such as local construction, waste management, potable water, and public safety. As regional coalitions and NGOs increase their professionalism and successfully complete initiatives, their image among local

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authorities has improved. As a result, such groups are able to more effectively provide expertise on local policy issues.

One of the most significant events within the Russian NGO sector in 2001 was the Civic Forum held in Moscow in November. President Putin opened the meeting of 5,000 NGO representatives. This was the first time that government officials and NGO representatives from throughout Russia met to discuss the development of civil society in Russia. Although it is too early to identify concrete results, a foundation for future dialogue was laid. Of discussion in-

cluded the state's responsibility to nurture civil society, the transparency of government activities, the social and economic potential of the third sector, charitable giving and controversial topics such as Chechnya and prison and military reform. President Putin mentioned in his speech that the government is ready to initiate legislation to encourage effective cooperation between the state and the third sector. Initial feedback from the participants indicates that the Forum was an encouraging step, but the long-term development of civil society continues to be a challenge in Russia.

SERVICE PROVISION: 4.3

Two trends have emerged in service delivery over the past year. First, local NGOs have increased the range, volume and quality of the services they provide as a result of greater efficiency and utilization of volunteers. Nevertheless, social and economic needs in the country far outweigh the services NGOs provide. Second, larger NGOs have begun to provide more training and information services directly to other NGOs as opposed to directly serving citizens, thereby drifting farther away from their grassroots support. While some fear that citizens are being deprived of the professionalism and experience of these larger NGOs, others consider this a

positive development in the infrastructure of the third sector.

Russian NGOs are still limited in their ability to provide services in a professional manner. Among the explanations for this shortcoming are an absence of specialists, lack of know-how, and insufficient resources. This is exacerbated by the fact that NGOs do not effectively share best practices among themselves. Equally important is the communication barrier between local government and NGOs that tends to generate unrealistic expectations and hinder cooperation. NGOs also have poor understanding of municipal procedures.

INFRASTRUCTURE: 3.4

A network of regional resource centers (RC) and NGO support centers (NGOSC) has developed across Russia which provide a variety of services to their NGO clients including information services, technical support and training on different aspects of NGO development and management. These centers are located mostly in large cities with weaker contacts in small towns and ru-

ral communities.

RCs and NGOSCs have also spearheaded intersectoral social partnership models and mechanisms and have been the driving force behind the development of NGO networks. RCs and NGOSCs also play an important role in promoting the idea of socially responsible businesses.

Since 2000, there has been a tendency towards transforming universal RCs and NGOSCs into issue-based NGOs that act as leaders in particular sectors as a result of financial realities. Resource centers tend to be capital intensive and highly dependent on foreign donor support. As a result of decreased foreign funding, several resource centers ceased to operate in 2000. For-profit organizations began filling this niche actively.

The federal government has shown great interest in NGOs over the past year, as witnessed by the establishment of an NGO committee under the Duma Chairman, a Civil Chamber, and an umbrella Union of Russian Charitable Organizations. While some view this attention as recognition of the influence of NGOs, others are cautious that the government might begin to exert pressure on NGOs by attempting to “coordinate” them.

PUBLIC IMAGE: 4.5

The public's perception of NGOs across Russia remains lackluster despite earnest attempts by NGOs to improve their image. Despite this, public relations and marketing are considered luxuries within the NGO sector. As a result, most NGOs have poor public relations skills and, in fact, there are few public rela-

tions specialists in the NGO sector. The quality of NGO publications also remains low. Efforts to encourage journalists to cover the NGO sector have had few successes. NGO leaders have been unable to adapt to the media environment and are considered aloof in working with local and national press.